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THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE FOR
ADMINISTRATION AND FINANCE
STATE HOUSE BOSTON 02133

EDWARD LASHMAN, JR.
SECRETARY

TO: Cabinet Secretaries and Department Heads
FROM: L. Edward Lashman, Jr. *RJL*
DATE: March 29, 1989
RE: Processes for Minimizing Discretionary Expenditures

GOVERNMENT DOCUMENTS
COLLECTION

MAY 15 1989

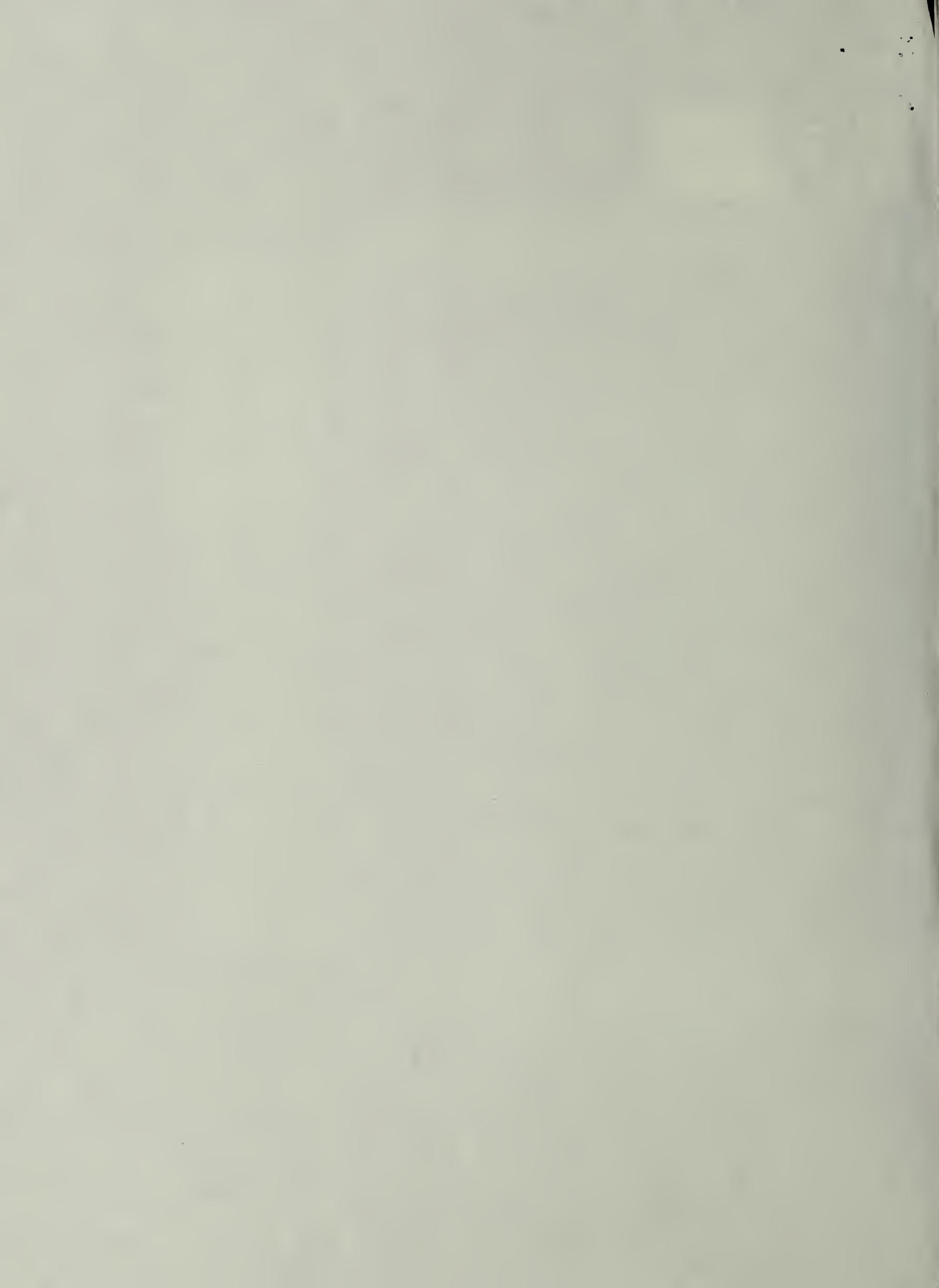
University of Massachusetts
Depository Copy

As I indicated to you in my memorandum of March 23rd on this subject, the risk of revenue shortfall facing the Commonwealth in FY89 necessitates immediate and ongoing action on your part to ensure that discretionary spending within your secretariats and departments is kept to an absolute minimum for the balance of this fiscal year. In view of the widely acknowledged fact that FY90 promises to be a tough year as well, I should stress that any inclination to buy now what you feel you may not have the funds for next year must be rejected; to the extent that spending which might have been avoided worsens our problem in FY89, I can assure you that even more severe limits will be forced upon us in FY90. Regrettably, these strictures must apply even to secretariats and departments which already have met their FY89 savings targets.

The primary responsibility for the success of these extraordinary cost control measures of course resides with you. A&F has no desire to second-guess a multitude of decisions which are most properly made at the department or secretariat level. I therefore urge you to establish and enforce clear and stringent internal policies and controls to limit spending to that which is truly essential. Please note that the justification process described below for procurements managed by various A&F agencies, and the unusually severe internal review of all other spending which we are asking you to do, apply only to activity funded by budgetary appropriations. The usual prudent judgments and control mechanisms--internal and external--should continue to apply to spending from bond-, trust-, and federal grant-funded accounts (i.e., bond-funded spending within the limits established by the FY89 capital outlay spending plan process).

Definition of Essential Spending

With this in mind, your policies should support the general definition of essential purchases as those without which basic, ongoing, mandatory services or operations would be seriously impeded or precluded. Even if certain goods are by their nature essential--drugs and medical supplies for patients and inmates, for example, or forms and office supplies that



are in constant heavy use--circumstances dictate that FY89 purchases be strictly limited in type and quantity to what is prudently needed for the remainder of the fiscal year. Long-term re-stocking of supplies cannot be afforded at this time. Purchases of equipment or furniture must be limited to urgently needed replacements of broken down items without which the agency cannot function properly. Replacements which you reasonably can do without, as well as improvements, enhancements, and support for initiatives for the most part cannot be afforded at this time.

Procurements Pending at A&F Agencies

One aspect of the effort to curb spending entails your careful review of all pending procurements which are directly approved by A&F agencies, i.e.:

- o requisitions for equipment, furnishings, and various commodities at the Purchasing Agent's Division;
- o AF-29s for data processing materials and services at the Bureau for Systems Policy and Planning; and
- o AF-35s for elements of telecommunications systems at the Office of Telecommunications.

All such procurement requests which have not already resulted in final agreements with vendors will not be processed to completion unless and until the responsible A&F agency receives a request to proceed including a justification of the procurement's necessity, signed by the department head and approved by the department's cabinet secretary. Attached to this memorandum are instructions (and forms) from Purchasing and BSPP which outline what must be done in order for particular essential procurements to proceed. Telecommunications will directly contact those departments which have AF-35s currently in process to determine whether any of these procurements is deemed essential and urgent; if so, ordering departments will be asked to submit, with their secretariat's approval, memoranda of justification.

Department heads should immediately communicate these instructions to their staff who are responsible for management decision-making on such procurements, determine which pending requests are truly essential according to the definition outlined above, and then immediately submit any required forms to their secretariat. Every reasonable effort should be made to reduce the size of any procurements which cannot in your judgment be cancelled outright. If cabinet secretaries concur with departments' submissions, they immediately should forward any forms to the responsible A&F agency. Regardless of any delay resulting from this justification process, goods and services to be purchased with FY89 funds must be received by June 30th.

Other Spending Activity

A great deal of spending normally occurs through transactions processed entirely at the department level, in the form of individual commodity purchases costing less than \$500, purchasing from the various blanket

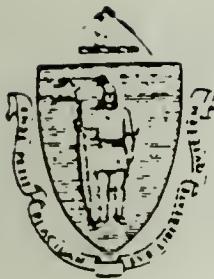
contracts which are available, and a wide variety of miscellaneous expenditures. Such transactions should be included in your program to eliminate non-essential spending. Special internal control efforts must be made to ensure that strict and consistent rules are applied and that only the highest priority spending proceeds--particularly in large, decentralized departments with a high degree of delegation of authority to obligate funds.

Our current situation dictates that you must not only vigorously implement the restrictions embodied in Administrative Bulletins 88-9 and 88-10 (on certain Discretionary Agency Spending and on Overtime Utilization); you must take effective steps to ensure that all spending is thoroughly reviewed within your organizations before the determination is made that it is essential enough to proceed. This applies strongly to O3 contract activity, both to proposed spending under any new contracts or amendments sought in the final quarter of the fiscal year--which should pass the severest possible test of criticality by department heads and then cabinet secretaries before being submitted to the Budget Bureau--as well as to controllable spending under all contracts which are currently in place.

A large number of your fiscal and business management staff are receiving this message directly from the Office of the Comptroller, the Purchasing Agent's Division, BSPP, and the Budget Bureau at the MMARS User Group meetings taking place this week. I cannot overemphasize the importance of your taking the initiative to reinforce this message throughout your organizations.

Again, I want to thank you all for your past and future cooperation in seeing us through this very challenging period. Your active participation in these extraordinary cost control efforts--which should in many cases result in savings well above the individual targets set by A&F--is absolutely essential.

cc: Secretariat and Department Budget Directors
 Secretariat and Department Chief Financial Officers
 Secretariat and Department Data Processing Coordinators



The Commonwealth of Massachusetts Executive Office for Administration and Finance

Michael S. Dukakis
Governor

Ric Murphy
Purchasing Agent

Purchasing Agent's Division

One Ashburton Place, Boston 02108

PAD-89-2

(617) 727-2552

MEMORANDUM

To: Secretariats, Department Heads and Chief Financial Officers

From: Ric Murphy, State Purchasing Agent

Date: March 28, 1989

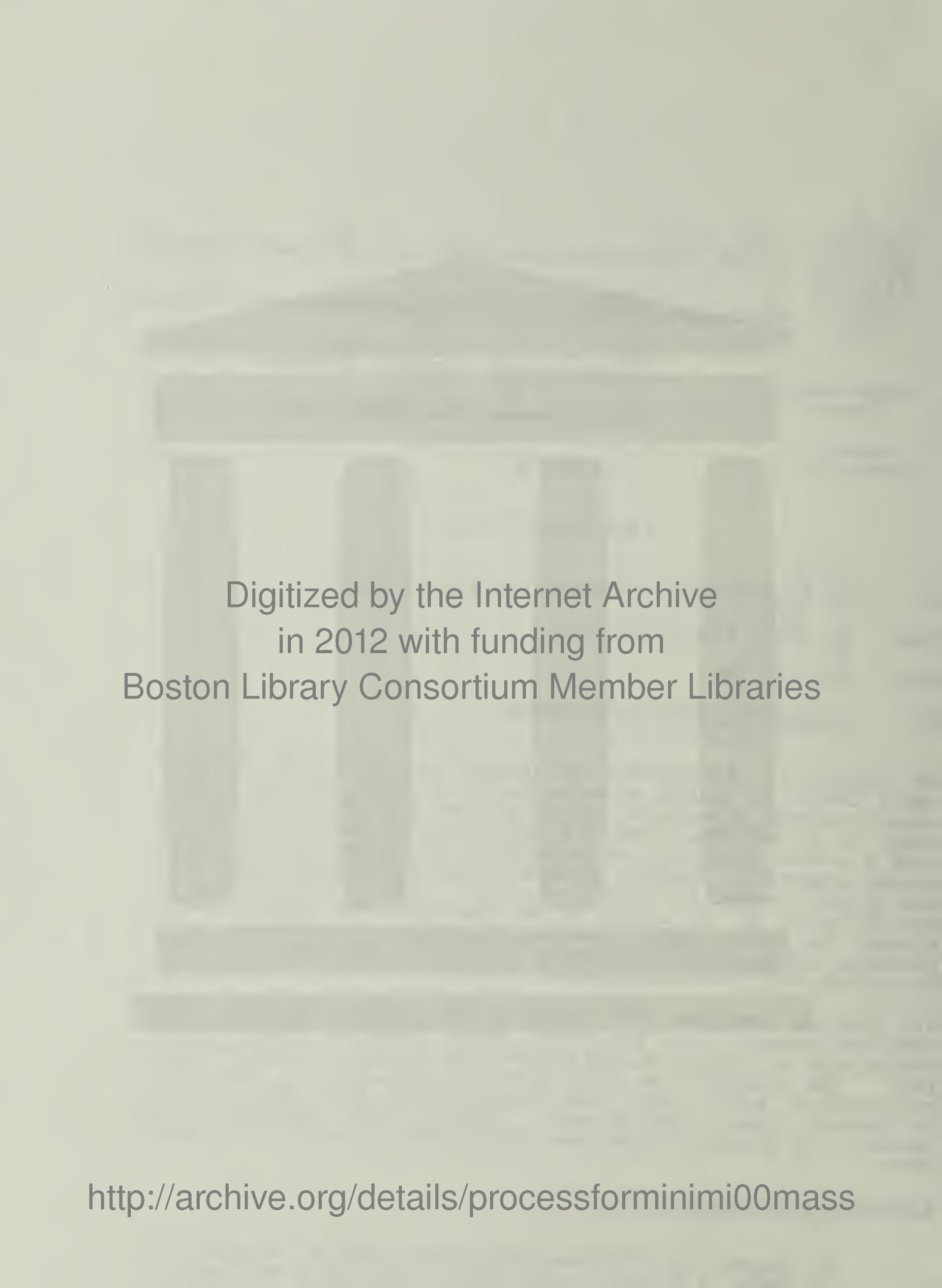
Re: Essential Procurement Approval Process

The Secretary for Administration and Finance has directed the Purchasing Agent's Division to establish a review process to ensure that only critically necessary purchases of equipment, supplies or other goods are made during the balance of the 1989 Fiscal Year. A critically needed purchase shall be one which is essential to maintain the operational or programmatic functions of the ordering department. Purchased quantities of consumable goods (food, drugs, basic supplies required for ongoing operations) must be strictly limited to what is needed for the balance of this fiscal year, with minimal prudent allowance for reserve stocks. Amounts of essential non-consumable goods (furnishings and equipment) must likewise be limited to that needed so urgently that purchase with F.Y. 1989 funds is justified.

The following procedures shall apply to all purchase requisition (RX) transactions presently within the MMARS system funded by operating budget accounts which as of March 24, 1989 have not been converted to a purchase order (PN). The procedures set forth below will not apply to those RX's pre-encumbered against either federal grant funds, trust fund accounts, or approved capital outlay accounts. Capital account expenditures shall continue to be governed by bond fund spending plans approved by the Budget Bureau.

ESSENTIAL PURCHASE JUSTIFICATION

1. Issuance of all Purchase Orders (PN's) which are pre-encumbered against a budgetary account shall be suspended by the Purchasing Agent's Division (PAD) until such time as an approved Essential Purchase Justification EPJ-form is received by PAD.

A faint, sepia-toned background image of a classical building, possibly a library or courthouse, featuring multiple columns and a prominent pediment at the top.

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<http://archive.org/details/processformini00mass>

2. The EPJ-form must be completed and signed by the Agency Head or the chief financial officer of the ordering department and then submitted to the Cabinet Secretary for review and approval.
3. All secretariat-approved EPJ forms must be promptly submitted to the Purchasing Agent's Division as soon as possible, and in no case later than the close of business on Friday, April 14, 1989.*
4. Upon receipt of the EPJ form, the Purchasing Agent will review the proposed procurement and will determine:
 - a. whether the justification is responsive to the requirements outlined in the first paragraph of this memorandum; and
 - b. whether the purchase can be undertaken and completed within the timeframes established by statute and the procedures of the Office of the Comptroller for closing Fiscal Year 1989. In particular, the P.A.D. will assess whether delivery and acceptance of the equipment or supplies can be accomplished by June 30, 1989.
5. In certain cases where the nature of the procurement or the amount of funds involved warrant it, the P.A.D. will forward EPJ forms to the Budget Bureau for review prior to proceeding with the procurement.
6. Agency personnel will be notified immediately in the event that the P.A.D. determines that a particular purchase cannot be completed within the required timeframes, or where the P.A.D. or the Budget Bureau find that the EPJ form justification is insufficient to allow the procurement to proceed.
7. To confirm whether an account is an operating budget fund, agencies should scan MMARS table ASTA for the appropriation type field (fund type 01 are those covered by these procedures.)

To review the status of agency requisitions (Rx) transactions agencies should view the MMARS RXSD table.

As always, purchases required due to an extreme emergency situation in which there is a threat to human life, property or welfare shall be directed to the Purchasing Agent's Division for review and approval.

We look forward to working with you to meet important agency needs while assisting the Administration to effectively manage current fiscal considerations.

*ATTENTION: TO EXPEDITE PROCESSING
SEND APPROVED FORMS TO:

ATT: EPJ Coordinator
Purchasing Agent's Division
One Ashburton Place, Room 1017
Boston, MA 02108



The Commonwealth of Massachusetts

Executive Office for Administration and Finance

OFFICE OF MANAGEMENT INFORMATION SYSTEMS

ONE ASHBURTON PLACE, ROOM 1601

BOSTON, MASSACHUSETTS, 02108

Bureau of Systems Policy and Planning

Telephone: 617-973-0720

To: Secretariat & Department Heads and Data Processing
Coordinators
From: Patricia S. Wada
Date: March 29, 1989
RE: Essential Procurement Approval Process for FY89

As directed by the Secretary of Administration and Finance, BSPP has established the following process to ensure that only those data processing procurements which are absolutely necessary to the functioning of state government be approved.

Working with the Comptroller's Office and the Budget Bureau, BSPP has established the following process. This process applies to all FY89 procurements which have not been encumbered, utilizing FY89 dollars. Federal, Capital Outlay, and Trust funds are exempt from this process.

Essential Procurement Process

1. As of March 27, 1989, all procurements utilizing FY89 funds which have not yet been encumbered have been placed on hold.
- BSPP uses the MMARS definition of encumbrances. MMARS transaction codes for encumbrances are PE - EDP Purchase Order, SC - Service Contract, LO - Lease Order, and SM - Service Contract Modification. Therefore, although a department may have an approved AF-29 on file, Administration and Finance will require the department to complete the Essential Procurement Justification Form, if the department plans to procure additional goods and services against the date stamped AF-29.
2. If after reviewing the Secretary's Memos of March 23rd and 29th 1989, the department determines that the procurement is absolutely necessary, the department must fill out the attached form.
3. The Essential Procurement Justification Form must be signed by the Department Head or Chief Financial Officer and forwarded to the Cabinet Secretary for review and

- signature. If the department has no secretariat, the Department Head should sign and forward the document to BSPP.
4. The approved Essential Procurement Justification Form will be forwarded to BSPP by the Cabinet Secretary or Department Head, if applicable.
- All forms are due to BSPP no later than April 21, 1989. Please note that if the equipment has a sixty day delivery, BSPP must receive the Essential Procurement Justification Form ASAP. It is up to the procuring Department to manage this process.
5. Upon receipt of the signed Form, BSPP will review the fiscal justification. BSPP will determine whether this justification is reasonable, and if the goods and services can be delivered by June 30, 1989. (BSPP Memorandum, End of Fiscal Year, dated March 13, 1989)
 6. BSPP will inform the procurement coordinator of its decision.

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 7. For those procurements which receive approval from Administration and Finance, BSPP will complete and submit required encumbrances to the Comptroller's Office for approval. Pend 5 SC's, SM's, and LO's will be attached to the AF29's and filed only at the Comptroller's Office.

Summary

Please contact your Director of Information Systems Planning if you have any questions regarding the AF-29 end of year process. Thank you for your continued support and cooperation.

attachment

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ESSENTIAL PURCHASE JUSTIFICATION (EPJ) FORM

INSTRUCTIONS

All items must be thoroughly completed by appropriate program personnel prior to review at the Secretariat level. Signature of the responsible agency officer in item # 8, and that of the Secretary of the pertinent executive office in item # 9 are mandatory requirements prior to acceptance by the Purchasing Division. Note that EPJ forms are not required for purchases from bond funds, trust funds, or federal grants (MMARS approp. types 02, 03, 04).

1. Name of Dept. : _____

2. Requisition number _____ Rx# _____ Date entered: _____
Dept. - - - Org.

3. Budgetary Account No.(s) (MMARS Approp. type 01*) _____

4. Amount of RxPre-Encumbrance* \$ _____

5. Describe the materials to be purchased**

6. Explain the essential nature of the purchase. Is it needed to replace existing critical equipment that has failed? Or need to maintain stocks of critical supplies? If so, when would supplies otherwise be depleted? Who is to use the materials? What would be the impact of cancelling, reducing or delaying this purchase?

AGENCY HEAD REVIEW 7. I hereby certify that this purchase is essential for the reasons stated herein, and that sufficient funds are available.

SECRETARIAT
REVIEW (date)

Signature of Agency Head/Chief Financial Officer

8. The Executive Office for _____ or
other non-secretariat authority (specify) _____
concurs with the foregoing information and requests the Purchasing Agent to process the above-referenced Rx as expeditiously as possible.

Date

Authorized Secretariat Signature

9. Agency contact for notification if P.A.D. or Budget Bureau determines that the purchase cannot be completed prior to fiscal year closing.

(name)

(telephone)

* If more than one account, list, with dollar amounts, on reverse.
** Continue on reverse, and attach additional sheets, as necessary.

Purchasing Agent Action
Budget Bureau Action

Date
Date

**ESSENTIAL PROCUREMENT JUSTIFICATION FORM
FOR DATA PROCESSING PROCUREMENTS
(Please attach a copy of the AF29)**

DEPARTMENT: _____

AF29 #: _____

FY89 AMOUNT: \$ _____

DESCRIPTION OF PROCUREMENT: _____

ESSENTIAL PROCUREMENT JUSTIFICATIONS:

a.) Explain why this procurement is absolutely essential in FY89 and why it cannot be deferred to FY90.

b.) Describe the direct impact and effect failure to go forward with this purchase will have on Agency Programs.

MODIFICATION TO ORIGINAL AF29 ON FILE:

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If this justification is for only a portion of the original AF29, please explain:

DEPT. HEAD APPROVAL _____ DATE _____

SECRETARY APPROVAL _____ DATE _____

